

**PROGRAM OF SUPPORT FOR REFORM AND MODERNIZATION OF THE
EXECUTIVE BRANCH**

(DR-0073)

EXECUTIVE SUMMARY

**BORROWER AND
GUARANTOR:**

The Dominican Republic (DR)

EXECUTING AGENCY:

The Technical Secretariat of the Office of the President (STP)

AMOUNT AND SOURCE:

IDB (OC):	US\$ 9,000,000
IDB (OC/IFF):	US\$12,500,000
Local counterpart:	US\$ 5,340,000
Total:	US\$26,840,000

**FINANCIAL TERMS AND
CONDITIONS:**

Amortization period:	20 years
Execution period:	4 years
Disbursement period:	4.5 years
Interest rate:	variable
Inspection and supervision:	1%
Credit fee:	0.75%
Currency:	US\$ (Single Currency Facility)

OBJECTIVES:

The general objective of the program is to develop permanent and effective institutional capacity for central public administration in support of the government's efforts to control macroeconomic variables, develop an equitable distribution policy, and improve the efficiency of social spending allocation.

These objectives will be accomplished through the development of institutional capacity to formulate, coordinate, execute, and evaluate economic and sector policies and programs transparently, efficiently, and effectively. In particular, this program would include the

development of: (i) high-level coordination mechanisms for macroeconomic and social policy with the appropriate technical support units; (ii) critical capacity within the Executive Branch to conduct the institutional transformation and modernization process and support design and implementation of the plan referred to in (iii) below; and (iii) a modern, integrated plan for restructuring, streamlining, organizing, operating, and automating public administration with an internal regulatory structure and a professional career system.

DESCRIPTION:

This program would consist of the following subprograms:

(i) Strengthening capacity for formulating and coordinating economic and social policies (US\$4,677,600). This subprogram would finance technical assistance, training, and equipment for institutional development of high-level coordination mechanisms for macroeconomic and social policy as well as appropriate technical support units;

(ii) Strengthening basic capacity for the strategic, operational, and financial management of public administration (US\$11,147,138). The subprogram would finance improvements in the government's managerial capacity with respect to personnel and administration, strengthening of the National Office of Administration and Personnel (ONAP) in its capacity as the agency responsible for establishing the civil service regime and implementing and managing the structuring and organization of public administration. This subprogram would also finance improvements in the basic institutional capacity of the STP, the National Planning Office (ONAPLAN), ONAP, National Statistics Office, ONE, and the Department of Education (SEEC);

(iii) Formulation of a strategic plan for restructuring, streamlining, organizing, operating, and automating public administration with an internal regulatory framework and a professional career system (US\$834,000). In order to formulate the Strategic Plan for Change Management (PEGC), the program would finance a series of preliminary activities to generate the information necessary and prepare the way for implementation, including: (a) design and implementation of the National Civil Service Registry (RNSP); (b) definition of a basic salary scale for public administration, a system of incentives, and procedures for incorporation into a career system; (c) formulation of a personnel development and training plan; and (d) a diagnostic assessment of other Executive Branch departments and preparation of the restructuring proposal; and

(iv) Institutional strengthening in the area of information systems and technologies (US\$4,525,063). The aim of this subprogram is to create an Office of Information Technologies Coordination (OCTI) to standardize the use of information technologies (IT). Rules applicable to IT would also be developed in cooperation with the OCTI in respect of computer hardware as well as software.

BENEFITS:

Over the short term, improvements will be made in the communication and coordination required among the various agencies legally responsible for economic and social policy implementation. Capacity for macroeconomic and social analysis would also be improved, enabling the government to contend with future challenges while maintaining macroeconomic stability. Finally, a highly qualified team will be put in place to direct and manage the short- and medium-term institutional reform process.

Over the long-term, analytical capacity in the macroeconomic, social, and organizational fields will be institutionalized, making the government more responsive to emerging problems. The government would, in particular, be better able to exercise fiscal prudence and allocate social spending properly, with staff policies enabling it to recruit and retain qualified personnel for State support functions.

RISKS:

Since most of the benefits of this program would be enjoyed by the next administration, it could be argued that the current administration may not perceive an interest in approving this operation or initiating its execution. During the last mission, however, the current administration indicated it was mindful of this perception but considered the program a matter of national interest to be initiated as soon as possible, regarding any delay as unnecessary and detrimental to the country. In this regard, the government has sent the Bank a policy letter expressing its commitment to the proposed reforms.

Success in accomplishing the objectives of this operation will depend on the following: (i) transparent budget administration subject to clear rules known to all; (ii) sufficient counterpart resources; (iii) balanced budgets, at least for the agencies affected; and (iv) control over staff size, at least in the agencies affected. Accordingly, the government has undertaken to adopt the measures set forth in the matrix included in Annex 1.

**THE BANK'S COUNTRY
AND SECTOR
STRATEGY:**

The aim of the Bank's country strategy is to support the DR's efforts to maintain macroeconomic balance (stabilization function), promote equity (distribution function), and combat poverty with more efficient spending (allocation function), through measures designed to improve the targeting of social spending, modernize the State, and stimulate the private economy.

The program would complement activities being conducted under other Bank projects. It would in particular help to prepare the affected departments institutionally to properly assimilate the financial instruments to be developed with resources from the financial management program (1093/OC-DR). The operation would also support the institutional strengthening component of the basic education improvement program (897/OC-DR), which has been stalled by numerous changes in the education sector, such as approval of the Education Act and the Ten-Year Education Plan.

**SPECIAL
CONTRACTUAL
CONDITIONS:**

Prior to the first disbursement of the financing, the borrower must present evidence to the Bank that: (i) it has hired a specialized firm to support the executing agency in the administrative and technical work required for execution; and (ii) it has appointed the national coordinator for the program (paragraph 3.2).

Special conditions with regard to program execution are indicated in paragraphs 3.8, 3.15, and 3.16, and in Annex I. Conditions with respect to supervision, evaluation, and reporting are indicated in paragraphs 3.23 to 3.25. Those regarding audits can be found in paragraph 3.30.

**EXCEPTIONS TO BANK
POLICY:**

None.

PROCUREMENT:

The program would finance technical assistance and consulting services to conduct studies, design training programs and materials, develop computer applications, conduct public information campaigns, provide supervision and optional assistance, procure goods and civil works, and perform other activities in support of the program. Bank procedures will apply to the hire of consulting services financed with loan resources. A public international competitive selection process (ICS) will be conducted for consulting contracts in amounts of US\$200,000 or more. The rules of international public bidding (IPB) will apply to procurements in excess of US\$250,000 and to construction works in excess of US\$1.5 million. Consulting contracts and procurement of goods in amounts beneath these thresholds will be subject to the provisions set forth in Annex D to the loan contract.